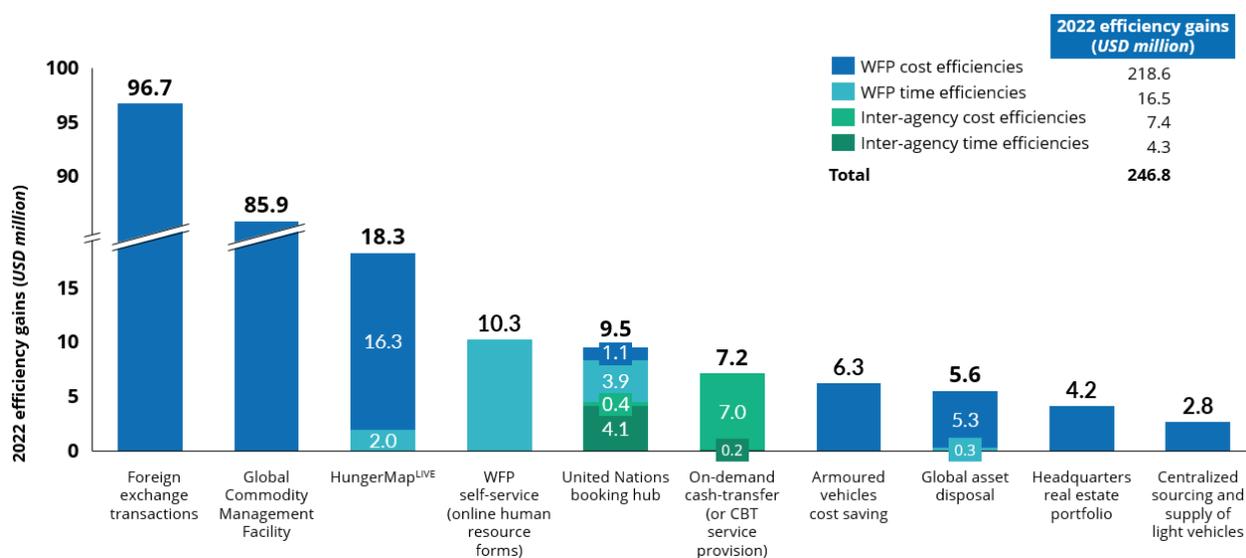


## ANNEX III-C: SUPPLEMENTAL REPORTING ON TOP TEN EFFICIENCY GAINS IN 2022

Efficiency is one of the key priorities of WFP's executive leadership and a core value for WFP: every dollar saved means that more hungry people can be reached with much-needed food assistance and, in emergencies, every minute counts when it comes to reaching the most vulnerable people and communities.

This annex identifies and describes the top ten initiatives in terms of validated savings.

**Figure 1: Total efficiencies achieved from WFP's top ten efficiency gains in 2022 (USD million)**



Note: Total efficiencies include cost efficiencies and time efficiencies (in full-time equivalent units).

### Top initiatives with efficiency values

- Reporting on each initiative encompasses WFP and/or inter-agency efficiencies. Each of the efficiencies from those initiatives is separated into cost and time efficiencies, where applicable. Cost efficiencies are savings in financial resources disbursed to achieve a given outcome; time efficiencies are savings in the working hours needed to perform a given task and are presented in terms of the number of full-time equivalent (FTE) units required to achieve the results.

### Foreign exchange transactions

#### Corporate Finance Division

Total WFP efficiencies		Total inter-agency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
USD 96.7 million	-	-	-	USD 96.7 million
USD 96.7 million		-		

2. WFP converts significant amounts of hard currency<sup>1</sup> into local currencies to pay local vendors. Since 2007, WFP has made efforts to ensure that it receives the best possible rates on currency conversions through competitive bidding. These financial flows also inject much-needed hard currency into local financial systems. Since 2010, WFP has been centralizing foreign currency conversion for field offices, resulting in USD 267.7 million in cumulative efficiencies/gains by the end of 2022, and **USD 96.7 million in cost efficiencies** in 2022 alone. Efficiencies are calculated by aggregating, for all transactions, the variances between the actual exchange rates realized on foreign exchange deals compared with the prevailing United Nations Operational Rates of Exchange for those transactions. Centralized foreign exchange transactions on behalf of 52 country offices result in better value for money when replenishing local operational bank accounts. The total foreign exchange volume exchanged in 2022 was USD 1.4 billion.

### Efficiency gains enabled by the Global Commodity Management Facility

#### Corporate Planning and Performance Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
USD 85.9 million	-	-	-	USD 85.9 million
USD 85.9 million		-		

3. The Global Commodity Management Facility (GCMF) is a strategic financing mechanism through which WFP purchases and pre-positions food to meet the operational needs of country offices in anticipation of confirmed contributions. The facility's objectives are to reduce food delivery lead-times, shorten emergency response time, reduce the cost of food by purchasing when market conditions are favourable and capitalizing on economies of scale, and support local and regional procurement, including from smallholder farmers, where and when possible. In 2022, country offices' food purchases through the GCMF accounted for 65 percent of WFP's cash-funded procurement and enabled the hand-over of 2.9 million mt of food to 53 country offices. Country offices benefiting from the GCMF in 2022 received food commodities at the relevant hub or other handover point after an average of 34 days from the date on which they were purchased by the country office. Country offices using the direct procurement process wait an average of 120 days to conclude the procurement, shipping, offloading and transport of food to the same destination. The difference represents a 72 percent reduction in the food lead time for country offices. By enabling the procurement of food at the right time and leveraging economies of scale, **USD 85.9 million in efficiencies** were generated for recipient countries in 2022.

### HungerMap<sup>LIVE</sup>

#### Research, Assessment and Monitoring Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
USD 16.3 million	24.6 FTE	-	-	USD 18.3 million
USD 18.3 million		-		

<sup>1</sup> Hard currency is money that is issued by a nation that is seen as politically and economically stable.

4. Near-real-time food security monitoring systems enable WFP to provide daily food security estimates in countries facing food crises. Data on key indicators are collected continuously through live calls, analysed and visualized in near real time and then fed into [HungerMap<sup>LIVE</sup>](#), WFP's global hunger monitoring system. The objective of HungerMap<sup>LIVE</sup> is to enable WFP offices, governments and the wider humanitarian community to monitor food security daily, identify problems in real time in the event of a crisis and provide information for early action and mitigation.
5. Traditional food security monitoring systems typically involve large-scale data collection exercises conducted multiple times a year, which can be resource- and time-intensive. Near-real-time food security monitoring systems provide a highly flexible and efficient way to collect information daily. A combination of the two systems enhances efficiency by providing continuously updated data at a lower cost, in less time and of sufficiently good quality to allow robust analysis. The transition to real-time monitoring systems allowed WFP to gain a greater and more nuanced understanding of food insecurity, its drivers and the impacts of specific interventions without increasing the overall number of costly face-to-face surveys carried out. In 2022, WFP's use of near-real-time food security monitoring systems (replacing an average of 1.9 face-to-face surveys of the sample population in the 36 countries where the systems were applied) led to **cost efficiencies of USD 16.3 million**.<sup>2</sup> The effort also generated additional **time efficiencies of 24.6 FTE<sup>3</sup> (equivalent to USD 2.0 million)**, driven by reductions in the costs and time required to collect and analyse data. The efficiencies are calculated based on the use of near real-time monitoring in 36 countries in 2022.

## WFP self-service platform – digitization of human resources documentation processes

### Human Resources Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
-	214.0 FTE	-	-	USD 10.3 million
USD 10.3 million		-		

6. With support from the Technology Division, WFP's online self-service platform allows commonly used human resources-related forms to be converted from a traditional paper-based format to a digital one. The conversion includes the full migration of the forms and their related processes to the online platform, facilitating a more streamlined and efficient human resources management process. Digitized human resources-related forms include leave applications, attendance records, the documentation of separations and entitlements, and other items. Additional forms, including those relating to danger pay, rest and recuperation, home leave and new telecommuting forms, were converted in 2022,

<sup>2</sup> Cost efficiencies are estimated based on the difference in total cost between conducting surveys face-to-face and using mobile technologies (number of interviews carried out x average unit cost of an interview). In a year, near-real-time monitoring replaces approximately 1.9 rounds of face-to-face surveys per country and efficiencies were calculated pro-rata according to the months of use in each of the countries where the initiative was first implemented in 2022. Efficiencies for the full year of 2022 were calculated in countries that started using near-real-time monitoring prior to 2022.

<sup>3</sup> Time efficiencies are calculated as the difference between the estimated time that would have been spent by WFP resources on conducting the average 1.9 face-to-face surveys of the sample population per country (in countries using near-real-time monitoring) and the estimated time spent on conducting near-real-time monitoring in each country.

resulting in estimated **internal time efficiencies of 214.0 FTE<sup>4</sup>**, equivalent to **approximately USD 10.3 million**.

## United Nations booking hub

### Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
USD 1.1 million	108.5 FTE	USD 0.4 million	114.8 FTE	USD 9.5 million
USD 5.0 million		USD 4.5 million		

7. The United Nations booking hub is a global shared service open to the wider humanitarian community that provides digitized booking and back-office services for accommodation, transport, clinics and counsellor services. In 2022, increased occupancy rates, achieved by facilitating online access to WFP guesthouses, resulted in **USD 0.9 million in cost efficiencies<sup>5</sup>** and **time efficiencies of 43.2 FTE for WFP and 84.1 FTE<sup>6</sup> for other United Nations entities**. In July 2019, the United Nations passenger mobility service was launched, allowing humanitarian staff to book United Nations light vehicles and drivers, and enabling administrators to effectively use a global mobility back office. In 2022, by providing common mobility services through the United Nations booking hub platform, WFP made internal **cost efficiencies of USD 0.5 million**, and enabled **USD 0.1 million<sup>7</sup> in efficiencies for other United Nations entities**, in addition to **time efficiencies equivalent to 58.6 FTE internally and 30.7 FTE<sup>9</sup> for other United Nations entities**. The booking hub was also able to report **savings of 4.8 FTE** for clinics and **1.9 FTE** for aviation services, by reducing the booking and reporting times for those services. In total, WFP generated **USD 1.5 million in cost efficiencies** and **223 FTE in time efficiencies, equivalent to USD 9.5 million<sup>8</sup>**.

## On-demand cash transfer service

### Corporate Finance Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
-	-	USD 7.0 million	1.0 FTE	USD 7.2 million
-		USD 7.2 million		

<sup>4</sup> Time efficiencies are calculated as the difference between the estimated times spent by various stakeholders on tasks related to human resources documentation processes before and after the digitization of those processes.

<sup>5</sup> Cost efficiencies are based on a comparison between the occupancy rates in 2022 and a baseline, which was adjusted to take into account the effect of the coronavirus disease 2019 pandemic based on a [market report by Fitch](#), which indicates that hotel occupancy levels dropped by 30 percent as a result of the pandemic.

<sup>6</sup> Time efficiencies are calculated as the difference between the times spent before and after the automation of booking, invoicing, reporting and quality control processes.

<sup>7</sup> Cost efficiencies are based on the consolidation of approximately 94,000 trips via ride sharing, both within WFP and with other United Nations entities.

<sup>8</sup> FTE efficiencies are based on an average salary of USD 36,000 per year for local staff and USD 167,280 per year for international staff.

8. In countries where WFP has established large-scale digital mechanisms for the delivery of cash-based transfers (CBTs) as food assistance, other United Nations entities, non-governmental organizations and governments have approached WFP with a view to channelling their CBTs through those mechanisms, using the contracts and platforms established by WFP. Such sharing of WFP's cash transfer services creates efficiencies for other United Nations entities by simplifying their CBT processes, reducing the duplication of efforts and allowing more comprehensive management of potential fraud and abuse. In 2022, other United Nations entities achieved a total of **USD 7 million in cost efficiencies**<sup>9</sup> by using WFP's cash transfer services. Use of the services also reduced the time required for the selection and contracting of financial service providers, generating **time efficiencies of 1 FTE**<sup>10</sup> for other United Nations entities in 2022.

## Armoured vehicles

### Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
USD 6.3 million	-	-	-	USD 6.3 million
USD 6.3 million		-		

9. The Fleet Centre's centralized sourcing of armoured vehicles and "up-armouring" of standard vehicles enabled WFP to reduce the cost of each armoured vehicle. In 2022, 70 vehicles were up-armoured at reduced cost, resulting in **total cost efficiencies of USD 6.3 million**. This number of vehicles was notably higher than in 2021, in part because WFP was able to reduce the backlog of vehicles that required up-armouring in the wake of the coronavirus disease 2019 pandemic and because of increased operations in Afghanistan in 2022.

## Global asset disposal

### Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
USD 5.3 million	8.4 FTE	-	-	USD 5.6 million
USD 5.6 million		-		

<sup>9</sup> Cost efficiencies are calculated from the difference between the cost to other United Nations entities of using WFP's cash transfer services (which is between 0 and 1 percent of the value transferred) and the cost of using the entities' regular procedures for administering contributions (which average 5.3 percent in indirect support costs according to the management plan for 2020–2022), with that difference being applied to the total direct operational costs of the CBT activities concerned.

<sup>10</sup> Time efficiencies are calculated as the reduction in the time required for the financial service provider selection and contracting process when other United Nations entities use WFP's cash transfer services (ten working days) rather than selecting and contracting financial service providers themselves (90 days). The efficiencies reported here take into account only those cases in which a United Nations entity first started to use WFP's cash transfer services in a specific country in 2022.

10. A global asset disposal team was established in 2019 to fast-track and maximize the revenue generated from unused and obsolete assets and equipment through public auctions. The main source of income relates to the sale of light vehicles that are beyond their useful life (five years or more than 150,000 km travelled). The proof of concept was completed in 2019 and subsequently mainstreamed into a new way of working. In 2022, WFP generated **USD 5.3 million in cost efficiencies**<sup>11</sup> from net revenues from the sale of unused and obsolete assets and efficiencies from the avoidance of rental expenses for the storage of those assets. Asset disposal is carried out in partnership with the Office of the United Nations High Commissioner for Refugees (UNHCR). In 2022, WFP achieved internal **time efficiencies of 8.4 FTE**<sup>12</sup> by adopting UNHCR's approach and services.
11. In addition to providing efficiency gains, responsible asset disposal improves staff safety and security by reducing the risk of fraud, theft and looting, and avoids environmental impacts arising from the inappropriate storage of rubbish.

## Headquarters real estate portfolio

### Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
USD 4.2 million	-	-	-	USD 4.2 million
USD 4.2 million		-		

12. Through the new way of working approach, which includes increased reliance on flexible working and fully remote contracts, WFP optimized the use of its real estate portfolio in Rome while avoiding additional workstation costs. As a result of these flexible working and new way of working initiatives, WFP was able to accommodate more employees in the headquarters building, and therefore terminate the lease of the Le Torri building in November 2021. This avoided the fixed and variable costs associated with 907 workstations in 2022,<sup>13</sup> resulting in a **cost efficiency of USD 4.2 million**.

## Centralized sourcing and supply of light vehicles

### Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2022 total efficiencies
Cost	Time	Cost	Time	
USD 2.8 million	-	-	-	USD 2.8 million
USD 2.8 million		-		

<sup>11</sup> Cost efficiencies are based on the disposal of approximately 9,500 assets at 35 auctions in 20 countries; and the average annual storage cost avoided by the offloading of assets.

<sup>12</sup> The estimated FTE saving on management of the equipment master record estimate is based on the following assumptions: approximately 9,500 assets are disposed of each year; and each asset requires 0.45 hours per year for record management (physical count and reconciliation etc.). In addition, six FTE are required for store keeping.

<sup>13</sup> This figure of 907 workstations represents the difference between the number of employees and workstations at headquarters as of 2022. This difference was enabled by the various flexible working and "new way of working" arrangements.

13. In 2007, WFP established the Global Vehicle Leasing Programme (GVLP) as an internal centralized service to source light vehicles for WFP operations. Within GVLP, WFP incurs significant efficiencies through a direct contract with Toyota for standard vehicles. In 2022, 590 vehicles (five major types of stock vehicles – Prado, LC76, LC79DC, LC79SC and LC300) were purchased, generating a total **cost efficiency of USD 2.8 million**.<sup>14</sup>

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<sup>14</sup> Cost efficiencies are derived from a cost reduction from an average of approximately USD 31,000 to USD 26,000 per light vehicle sourced through the GVLP, scaled by the 590 light vehicles sourced in 2022.